

REGULAR BOARD OF TRUSTEES MEETING MINUTES

Tuesday, June 24, 2008

Dave Adams called the meeting to order at 10:01a.m. Other Board members present included Don Bennett, Steve Overmyer, and Ryan Kitchell.

TRF staff present included Steve Russo, Bob Newland, Tim Walsh, Bethaney Matlock, Molly Deuberry, and Julia Pogue. Also in attendance were Dave Huffman, Ralph Ayres, and Gail Zeheralis.

The minutes of the May 27, 2008 meeting were presented. Ryan Kitchell moved to approve the minutes. Steve Overmyer seconded the motion. The motion carried.

Steve Russo presented an update to the Board on progress of TRF's Information Technology initiatives including finalization of the short term IT Support MOU with PERF and the status of the TRF/PERF IT governance project with E&Y. He also stated there will be an analysis requested from KPMG to scope the potential cost savings of TRF and PERF collaboration on a pension management software systems replacement.

Molly Deuberry presented the communications department update to the Board. She discussed communications' current state and discussed the future assumed budget for FY09. She estimated a future recurring annual budget of \$984,100, as well as a one-time project cost in FY09 of \$520,600. Molly then discussed the communications improvement plan and its four phases. She stated that surveys asking members if they would be supportive of a budget increase to improve the content of TRF's communications materials have been e-mailed to 15% of members registered on TRF's Interactive website. Approximately 20% of those surveyed have responded, and a majority supports the increase. Dave Adams suggested that TRF continue to develop member surveying capabilities and Steve Overmyer suggested that staff look at options to minimize printing cost.

Steve Russo presented a draft revision of the General Procurement Policy to the Board. He stated that the changes included expanding the approval methods to include vendors listed on the State's Quantity Purchase Agreements and other agency RFP processes for similar goods and services. Don Bennett requested that language be added to ensure that like terms and conditions would apply if other agency RFPs are used. Ryan Kitchell moved to approve the General Procurement Policy as presented with the incorporation of Don Bennett's requested change, and Steve Overmyer seconded the motion. The motion carried.

Steve Russo presented the process that was used to develop the FY09 expense budget and discussed the three budget categories: administrative expenses, project expenses, and investment expenses. Steve discussed the FY09 Board budget report format, goals, and budget drivers including an emphasis on the establishment of an IT infrastructure that supports business needs, increased internal investment management resources, increased employee training, and proactive legislative initiatives.

Steve then discussed the projected budget, comparing the FY08 budget to the FY09 budget. The FY08 budget was \$33,219,579 and the projected FY09 budget was \$44,586,150. Steve presented data indicating that the projected budget is still below the average budget for similarly sized public pension plans. TRF staff recommended that the Board approve the projected FY09 budget, less \$0.5M of administrative expenses for communications and less \$4.0M of project expenses. These expenditures would be presented to the Board at a later date for a separate approval once further due diligence is completed. With these items removed for consideration at this meeting, the staff's requested approval at this meeting was for a total of \$40,086,150. Ryan

Kitchell moved to approve the staff's recommendation of the FY09 budget, and Steve Overmyer seconded the motion. The motion carried.

Tim Walsh presented the investment update to the Board. He noted that the Fund investment returns were within expectations relative to the benchmarks.

Julia Pogue presented the financial update to the Board. She discussed the change in net assets for the month of May and noted that she projects expenses to finish the year within budget.

Steve Russo presented the executive director's report. He presented a list of metrics that will be implemented across all TRF divisions. Dave Adams encouraged staff to present metrics data in a way that shows trends over time. Ryan Kitchell and Tim Walsh stated that PERF and TRF Investments staff are collaborating well and using each other as useful resources.

Steve Russo stated that he will be in communication with Board members to determine a date for a full day offsite retreat for board education.

The next board meeting was tentatively set for August 26, 2008 at 10:00a.m.

There being no additional business, Dave Adams moved to adjourn the meeting. Ryan Kitchell seconded the motion. The meeting adjourned at 11:50a.m.